

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
BROWNSVILLE DIVISION**

CALLIDUS CAPITAL CORPORATION	§
Plaintiff,	§
	§
	§
	§
v.	§
	§
ESCO MARINE, INC., ESCO METALS, LLC, ESCO SHREDDING, LLC, TEXAS BEST RECYCLING, LLC, TEXAS BEST EQUIPMENT, LLC, RICHARD JAROSS, EMJ HOLDINGS, LLC, ELKA JAROSS, ANDREW LEVY, REDSTONE CAPITAL CORP., ALBERTO GARCIA, and JOHN KRISTOPHER WOOD	§
Defendants.	§

CIVIL ACTION NO. 1:14-cv-00270

**DEFENDANTS' RESPONSE TO PLAINTIFF'S EMERGENCY MOTION TO APPOINT
A RECEIVER AND NOTICE TO COURT OF INTENT TO FILE BANKRUPTCY**

Come Now Defendants in the above-entitled and numbered cause and would show the Court as follows:

1. Plaintiff filed its Emergency Motion for Appointment of a Receiver ("Emergency Motion"). Dkt. 39.
2. By Order dated March 3, 2015, the Court set the Emergency Motion for hearing on March 9, 2015 at 1:30 p.m. Dkt. 41. In the same Order, the Court instructed Defendants to file their Response, if any, to the Emergency Motion, no later than 5:00 p.m. on March 6, 2015.
3. Defendants ESCO Marine, Inc., ESCO Metals, LLC, ESCO Shredding, LLC, Texas Best Recycling, LLC, and Texas Best Equipment, LLC, (collectively, the "Debtors")

Defendants will be filing Chapter 11 bankruptcy proceedings in the United States Bankruptcy Court for the Southern District of Texas (the “Bankruptcy Court”) no later than March 8, 2015.

4. These Chapter 11 filings stay all proceedings in this matter – including without limitation the hearing on Plaintiff’s Motion for Appointment of a Receiver set for March 9, 2015 – pending further orders of the Bankruptcy Court or, in the alternative, this Court. *See U.S.C. § 362.*

5. Relief available in the bankruptcy proceedings may moot the Emergency Motion. Accordingly, Defendants will not respond to the Emergency Motion at this time, but will file an appropriate response when and if it becomes necessary.

6. Proposed bankruptcy counsel for the Debtors informed Plaintiff’s counsel of the Debtors’ intent to file for protection under Chapter 11 of the Bankruptcy Code via email on March 6, 2015. That email correspondence is attached hereto as *Exhibit A*.

7. No relief is requested in this pleading.

Respectfully submitted,

By: /s/ Erin A. Hudson

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ATTORNEYS FOR DEFENDANTS

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing instrument has been forwarded to all known counsel via the court's electronic filing system pursuant to the Federal Rules of Civil Procedure and via facsimile and email to counsel who has not entered an appearance in this matter on this the 6th day of March, 2015.

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